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16 January 2019

New BMW 7 Series world premiere in China

Market accounts for over 40% of BMW 7 Series sales
Local production of seventh BMW model in China announced
China's crucial role in corporate strategy NUMBER ONE>NEXT

Shanghai. The BMW Group today celebrated the world premiere of the striking new BMW 7 Series in Shanghai, China. The choice of location for the event underlined the significance of the Chinese market for the company's new flagship model: in 2018, 44% of global BMW 7 Series sales were made to customers in China (ca. 24,500 units). With the current ongoing launch of a whole range of new models, including the BMW 8 Series range and the BMW X7, today's event was also an opportunity to showcase the BMW Group's new luxury line-up. China will be a key market for these luxury vehicles.

Speaking at the event, Harald Krüger, Chairman of the Board of Management of BMW AG and his two colleagues Nicolas Peter, Board Member for Finance and Pieter Nota, Board Member for Sales and Brand BMW, also underlined the wide-ranging strategic importance of China for every aspect of the company. China has been the BMW Group's biggest single sales market since 2013, and the country is also home to the company's most extensive R&D and production operations anywhere outside Germany.

China accounts for a quarter of BMW & MINI sales

The Shenyang-built seventh-generation BMW 3 Series is set to be one of 25 new BMW Group models due to be launched in China in 2019. China accounted for a quarter of all BMW & MINI customer deliveries in 2018 and with total sales of 639,953 vehicles, last year achieved a 7.7% sales increase. Speaking at today's event in Shanghai, **Harald Krüger** confirmed, "In 2019, we are aiming for further solid sales growth in China. The locally-produced BMW X3 will be our main growth driver, in addition to the many new models we will be introducing throughout the year. China is a very important strategic market for us, for sales, innovation and production, now and in the future."

Seventh model to be localised in China

The Chinese city of Shenyang is home to the BMW Group's biggest production base outside Germany, with two existing manufacturing plants and an engine plant. Construction work is underway at Plant Tiexi which will double the size of that facility. In Shanghai today, it was announced that the BMW X2 will later this year become the seventh BMW model to go into production in China. This decision was taken in response to demand for the BMW X2, increasing supply of this new Sports Activity Vehicle in addition to those built in Germany at Plant Regensburg. This move will further strengthen the competitiveness of the company's SAV offering in China, following localisation last year of the BMW X3 and in addition to the locally produced BMW X1. From 2020, the fully-electric BMW iX3 will also roll off the production line at Plant Dadong, its sole production location, and be exported from China to markets worldwide. Both plants are currently undergoing extensive remodelling and expansion measures - once the upgrade and extension is completed, further models could be localised as the total capacity is increased gradually to 650,000 units, thereby creating 5,000 new jobs.

All these manufacturing plants, including the engine plant and battery assembly facility, are operated by the joint venture BMW Brilliance. Last year, the production of BMW vehicles in Shenyang grew by 24% to more than 490,000 units. The joint venture has been such a success, the contract is due to be extended until 2040. In this context, the BMW Group is planning to increase its share in the Joint Venture to 75 percent – a clear sign of the company's belief in China's continuing growth.

Crucial role in ACES development

In recent months, the BMW Group has opened two new R&D centres in Beijing and in Shanghai. They will play a crucial part in the company's corporate strategy NUMBER ONE>NEXT, as they will make a significant contribution to innovations in the four major innovation fields known as ACES (Autonomous, Connected,

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Electrified, Services/Shared). “These four areas are at the centre of our strategy for future success,” said Harald Krüger. “With our two new research and development facilities in China, we want to tap even more into the huge potential of this market, developing technologies and products here which will be of real benefit to customers globally, as we strive to strengthen our position as the world’s leading premium automotive manufacturer,” Krüger continued.

BMW Group was the first non-Chinese automotive manufacturer to receive an **autonomous** driving road test license in China. Given the complexity of the Chinese road network, lessons learned in China will be invaluable in other markets as the BMW Group moves forward in developing key future autonomous technology. To date, BMW China has completed tens of thousands of kilometres of road tests and hundreds of thousands of kilometres in simulations. The company will also take a seat on the board of the Baidu Apollo automotive driving initiative.

Connectivity plays a major role in China, and the BMW Connected app is already used by over 1.5 million Chinese customers. Now, the app has been linked to the Chinese connected eco-system, thanks to a series of co-operations with Alibaba, Baidu and Tencent. In addition, the BMW Group will be the first premium carmaker to seamlessly integrate Alibaba Tmall Genie, the intelligent voice assistant from Alibaba A.I. Labs, into its cars, with the service becoming available later this year.

China is the world’s biggest market for **electrified** mobility and BMW is the country’s most popular premium New Energy Vehicle (NEV) brand. The company offers a total of six electrified models in China and sold over 23,000 battery electric and plug-in hybrid vehicles in 2018. The BMW Group was the first premium automotive manufacturer to establish a high voltage battery assembly facility in China and is also the only premium manufacturer that has its own NEV dealer network, with over 330 sales and service outlets in more than

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130 cities across China. To further support drivers of electrified vehicles, with its ChargeNow services the BMW Group offers more than 80,000 charging pillars in more than 150 cities.

In the increasingly important field of digitalised mobility **services**, at the end of last year the BMW Group was the first non-Chinese company to be awarded a Ride-Hailing licence. The service is based in Chengdu, one of the largest Ride-Hailing hubs in the world, and runs with a fleet of 200 BMW 5 Series, half of which are plug-in hybrids. The Ride-Hailing service will complement the BMW Group's existing ReachNow Car-Sharing operation, run in partnership with the local mobility company EVCARD and using a fleet of 100 BMW i3 vehicles.

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The BMW Group

With its four brands BMW, MINI, Rolls-Royce and BMW Motorrad, the BMW Group is the world's leading premium manufacturer of automobiles and motorcycles and also provides premium financial and mobility services. The BMW Group production network comprises 30 production and assembly facilities in 14 countries; the company has a global sales network in more than 140 countries.

In 2018, the BMW Group sold over 2,490,000 passenger vehicles and more than 165,000 motorcycles worldwide. The profit before tax in the financial year 2017 was € 10.655 billion on revenues amounting to € 98.678 billion. As of 31 December 2017, the BMW Group had a workforce of 129,932 employees.

The success of the BMW Group has always been based on long-term thinking and responsible action. The company has therefore established ecological and social sustainability throughout the value chain, comprehensive product responsibility and a clear commitment to conserving resources as an integral part of its strategy.

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